

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
Houston Division**

In re:

**NORTH BAY GENERAL
HOSPITAL, INC.**

Debtor.

CASE NO.: 05-32121

CHAPTER 11

**AGREED STIPULATION AND ORDER GRANTING
THE FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF ATTORNEYS FOR THE COMMITTEE**

~~#.451, #753~~

North Bay General Hospital, Inc. (the “Debtor”), the debtor and reorganized debtor in the above-captioned bankruptcy proceeding, and Arent Fox LLP (“Arent Fox”), counsel to the Official Committee of Unsecured Creditors (the “Committee”), by and through the undersigned, hereby stipulate and agree as follows:

WHEREAS, on February 9, 2005 (the “Petition Date”), North Bay General Hospital, Inc. (the “Debtor”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

WHEREAS, on May 11, 2005, the United States Trustee filed a Notice of Second Reconstituted Committee of Unsecured Creditors appointing the Official Committee of Unsecured Creditors (the “Committee”). The Committee retained Arent Fox and Barnet B. Skelton, Jr., P.C. as counsel; such retentions were approved by the Court *nunc pro tunc* to April 25, 2005. See Docket Nos. 140 and 168.

WHEREAS, on November 16, 2005, the Debtor filed the Second Amended Plan of Reorganization (the “Plan”) and accompanying disclosure statement (the “Disclosure Statement”).

WHEREAS, on June 30, 2006, the Court entered an Order confirming the Plan. *See* Docket No. 412.

WHEREAS, on October 13, 2006, Arent Fox filed its Final Application for Allowance of Compensation and Reimbursement of Expenses of Attorneys for the Committee for the Period April 25, 2005 through September 30, 2006 (the “Final Application”) seeking the allowance of professional fees in the amount of \$361,717.00 and reimbursement of expenses in the amount of \$18,964.30. *See* Docket No. 451.

WHEREAS, on November 1, 2006, the Debtor filed an objection to the Final Application (the “Objection”). *See* Docket No. 544.

WHEREAS, from October 1, 2006 through December 31, 2006, Arent Fox has sought an additional \$35,450.00 in professional fees and \$1,580.01 in reimbursement of expenses (the “Supplemental Fees”), for a total amount of \$397,167.00 in professional fees and \$20,544.31 in expenses (the “Total Compensation and Reimbursement”). On January 19, 2007, Arent Fox filed a supplement to the Final Application requesting approval of the Supplemental Fees (the “First Supplement”). *See* Docket No. 753.

WHEREAS, Arent Fox, without acknowledging that the Objection has any merit, has agreed to the reduction set forth in this Stipulation and Order.

WHEREAS, the Debtor and Arent Fox have agreed to the resolution contained herein of the dispute relating to the Final Application (as supplemented) and believe that such a resolution is in the best interest of the Debtor, its estate and creditors.

NOW THEREFORE, for good and valuable consideration, including covenants and understandings set forth in this Stipulation and Order, it is hereby Stipulated, Agreed, Ordered and Adjudged as follows:

1. The Final Application (as supplemented) is hereby approved, authorized and granted as provided in this Order.

2. Arent Fox will voluntarily reduce the Total Compensation and Reimbursement sought for the periods covered by the Final Application and First Supplement by fifteen percent (15%).

3. The fees sought by Arent Fox in the amount of \$337,591.95 in professional fees and \$17,462.66 in expenses are approved and allowed on a final basis (“Allowed Compensation and Reimbursement”).

4. The Debtor shall immediately pay Arent Fox seventy percent (70%) of the Allowed Compensation and Reimbursement (the “Initial Payment”). Upon entry of this Order, the Debtor shall wire-transfer to Arent Fox the Initial Payment.

5. The remaining outstanding balance of the Allowed Compensation and Reimbursement shall be paid in nine (9) equal monthly installments, commencing on April 1, 2007, and continuing on the first business day of every month thereafter until payment in full of the Allowed Compensation and Reimbursement.

6. The Objection is withdrawn with prejudice.

7. This Court shall retain jurisdiction over the terms and conditions of this Stipulation and Order.

8. This Stipulation and Order cannot be amended, modified or superseded except upon written consent of the parties hereto.

9. This Stipulation and Order may be signed in counterparts, with each part being deemed a part of the original document.

10. This Stipulation and Order may be signed by facsimile or e-mail transmission, which signatures shall be treated as original signatures.

Dated: January 26, 2007

/s/ Daniel F. Patchin

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COUNSEL TO NORTH BAY GENERAL
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APPROVED:

Dated: Houston, Texas
Feb. 12, 2007



UNITED STATES BANKRUPTCY JUDGE